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ZNR UUUUU ZZH
R 201253Z JUN 08
FM AMEMBASSY HARARE
TO RUEHC/SECSTATE WASHDC 3054
INFO RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE
RUEHUJA/AMEMBASSY ABUJA 1991
RUEHAR/AMEMBASSY ACCRA 2070
RUEHDS/AMEMBASSY ADDIS ABABA 2190
RUEHRL/AMEMBASSY BERLIN 0732
RUEHBY/AMEMBASSY CANBERRA 1467
RUEHDK/AMEMBASSY DAKAR 1825
RUEHKM/AMEMBASSY KAMPALA 2246
RUEHNR/AMEMBASSY NAIROBI 4677
RHEHAAA/NSC WASHDC
RHMFISS/EUCOM POLAD VAIHINGEN GE
RUEHGV/USMISSION GENEVA 1336
RUZEJAA/JAC MOLESWORTH RAF MOLESWORTH UK
RHEFDIA/DIA WASHDC
RUEAIIA/CIA WASHDC

UNCLAS SECTION 01 OF 03 HARARE 000526

SIPDIS

AF/S FOR S.HILL
ADDIS ABABA FOR USAU
ADDIS ABABA FOR ACSS
NSC FOR SENIOR AFRICA DIRECTOR B.PITTMAN
TREASURY FOR D.PETERS AND T.RAND
STATE PASS TO USAID FOR L.DOBINS AND E.LOKEN
COMMERCE FOR BECKY ERKUL

E.O.12958: N/A
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SUBJECT: ZIM NOTES June 20, 2008

1. SUMMARY

Topics of the week:

- Harare Hit by Electoral Violence
- Ambassador Meets SADC Observer Leader
- Retaliation for Diplomats' Visit
- MDC Secretary General Faces Treason Charges
- NGOs Still Suspended
- Hidden and Hungry at Harvest House
- Secretary Rice Talks Zim with UNSC
- Public Broadcaster Bans Opposition Ads
- Journalists Fear New Hit List
- Cargill Caught in Election Melee
- Sinking Dollar Makes Government Skittish
- Inflation Over Two Million Percent
- Growing Food Insecurity
- Misguided Policies Spawn Acute Bread Shortage
- Seed Co Finds Profit Outside Zimbabwe
- Quote of the Week

2. Price Movements-Exchange Rate and Selected products

Parallel rate for cash more than doubled again to Z\$7.9 billion:US\$1
against inter-bank average of Z\$6.8 billion:US\$1

Bank transfer rate trebled to Z\$1.9 trillion:US\$1; official rate:
Z\$30,000: US\$1

Bread rose on the parallel market from Z\$2.5 billion to Z\$3.5
billion vs. controlled price of Z\$400 million

Sugar soared to Z\$8 billion/2kg vs. controlled price of Z\$8
million/2kg

Cooking oil jumped to Z\$7.5 billion/750ml vs. controlled price of Z\$9.3 million/750ml

Petrol and diesel more than doubled to Z\$12 billion/liter vs. controlled price of Z\$60,000/liter

On the Political/Social Front

¶3. Harare Hit by Electoral Violence... With reports of ZANU-PF-led electoral violence escalating in Harare, on June 18 Ambassador McGee and Emboffs toured the high-density area of Epworth and found the MDC stronghold partially under the control of party thugs running re-education bases. Embassy staff witnessed the brutality of a ZANU-PF youth militia first-hand when hundreds of Epworth residents fled a mob of young men, many in ZANU-PF t-shirts and all brandishing sticks, tire irons, and axes, who chased women, children and the elderly toward a ZANU-PF rally. See Harare 517, and, for a clip of the recorded violence:

www.cnn.com/video/#/video/world/2008/06/19/

mabuse.zimbabwe.violence.cnn (NOTE: URL address divided for cable formatting, be sure to include the entire address when copying.)

¶4. Ambassador Meets SADC Observer Leader... Ambassador McGee met June 17 with Tanki Mothae, director of the SADC Organ on Politics, Defense, and Security Affairs, and head of the SADC observers in Zimbabwe. Mothae said there were currently close to 200 SADC observers in Zimbabwe and a further 150 would arrive in the next week. He said he was constantly receiving reports and attempting to

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verify incidents of violence. See Harare 520.

¶5. Retaliation for Diplomats' Visit... ZANU-PF MPs and thugs continue to attack MDC supporters and their families in Bindura in retaliation for a U.S. delegation visit on June 5. See Harare 515.

¶6. MDC Secretary General Faces Treason Charges... Tendai Biti appeared in court twice this week following his arrest on June 12. Biti is facing counts of treason, publishing documents prejudicial to the State, causing disaffection within the police, and insulting the President. The treason charge is based on a document dated March 25 that is widely considered to be a forgery. The document purports to lay out MDC plans for governing. Biti's defense attorneys complained that he had been denied access to food, water, and his legal counsel for the first 48 hours of his imprisonment. Also, he was forced to write statements during a 19-hour-long overnight interrogation without the presence of his lawyer.

¶7. NGOs Still Suspended... On June 13 the GOZ "clarified" that some NGOs, mainly those operating in health-services delivery, may continue their work. The GOZ suspension of NGO-driven food aid programs, however, remains in effect.

¶8. Hidden and Hungry at Harvest House... Two months into a government-led campaign of violence, as many as 2,400 homeless and hungry Zimbabweans, including at least 471 children, many of whom are ill, continue to seek sanctuary at Harvest House, the opposition MDC's Harare headquarters. Embassy staff recently toured the site and saw evidence that all of these opposition supporters and their families fear for their lives if they return home, have no home to return to, or both. In light of the NGO suspension, few resources are reaching this vulnerable group. See Harare 522.

¶9. Secretary Rice Talks Zim with UNSC... On June 19, Secretary Rice and Burkina Faso Foreign Minister Djibrill Bossole co-chaired an informal meeting with members of the UN Security Council on Zimbabwe. Rice stated that "by its actions the Mugabe regime has given up any pretense that the June 27 election will be allowed to proceed in a free and fair manner...We have reached the point where broader, stronger international action is needed." FM Bossole called on regional stakeholders, including SADC members, to find a solution to the crisis.

¶10. Public Broadcaster Bans Opposition Ads... ZBC (Zimbabwe Broadcasting Corporation), which has denied the opposition political advertising and news coverage since the March 29 elections, confirmed the ban on June 19. Justice Minister Patrick Chinamasa defended the move, saying that international coverage favored the MDC and never reported the ruling party's position.

¶11. Journalists Fear New Hit List... Journalists told our Public Affairs Section that they had received information on the existence of a "hit list" targeting independent media journalists. Frightened, they have adopted new survival methods, including sleeping away from home, to avert danger ahead of next week's election.

¶12. Cargill Caught in Election Melee... Cargill MD Priscilla Mutembwa told us that the company and its employees were particular targets of harassment. Youth militia shut down a Cargill cotton buying point in Mutoko in Mashonaland East province, decrying the company for being U.S.-owned and beating Cargill employees there and elsewhere for allegedly supporting the opposition. Complicating the situation, an Indian-owned Singapore-based newcomer to Zimbabwe's cotton sector apparently is funding ZANU-PF in prime Cargill markets and contributing to the violence. The ZANU-PF MP in Magunje district in rural Mashonaland West announced, incorrectly, at a large must-attend rally this week that Cargill was closing down, moving out of the area, and that the Singapore-based company would step into the void.

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Economic and Business News

¶13. Sinking Dollar Makes Government Skittish... The Zimbabwe dollar plummeted a further 57 percent against the greenback in the past week, driven by high demand for forex and uncertainty surrounding next week's presidential runoff election. In an indication of the government's unease about the effect of the precipitous fall in the value of the currency on soaring inflation, the Reserve Bank of Zimbabwe (RBZ) issued contradictory instructions to banks on the exchange rate on June 18. It initially instructed banks to abandon the willing buyer willing seller concept and revert to the official exchange rate of Z\$30,000:US\$1, but within an hour issued a retraction.

¶14. Inflation Over Two Million Percent... Another leading supermarket chain has shared its internal inflation calculation with us: it put the m-o-m rate of price increases in May at 563 percent and the y-o-y rate slightly above 2 million percent.

¶15. Growing Food Insecurity... The FAO/World Food Program Crop and Food Supply Assessment Mission concluded in its Special Report of June 18, 2008 that the number of food insecure people in Zimbabwe will rise from 2.04 million people in the next three months to about 5.1 million (well over half of most estimates of the population size) at the height of the hungry season between January and March ¶2009. Production of the staple maize crop was 28 percent lower than in 2007, which in turn was 44 percent lower than the previous year. Communal farmers used to produce the bulk of the country's maize, but yields have fallen by about three quarters in the past ten years due primarily to the loss of the symbiotic relationships with former large-scale commercial agriculture and the demise of agro-input industries. The 34-page report is available at <http://www.fao.org/giews/>

¶16. Misguided Policies Spawn Acute Bread Shortage... Bread shortages have reappeared as Zimbabwe's wheat and flour stocks collapse. Wheat production has been in decline for several years. While farm takeovers and low prices explained much of the poor wheat output in the early 2000s, in more recent years, shortages of fuel, electricity, foreign exchange and fertilizer have predominated. Zimbabwe has relied on imports to fill the gap, but due to foreign exchange shortages they have not met the growing demand for bread. Nevertheless, because affordable substitutes are still available along with the staple maize meal, we don't foresee the shortage sparking "bread riots."

¶17. Seed Co Finds Profit Outside Zimbabwe... Citing low government-controlled prices to producers, Seed Co Limited CEO Pat Devenish estimated that hybrid maize seed production in Zimbabwe's 2008/09 growing season could be 30 percent below last year's crop. Having ring fenced domestic operations and expanded in the region, Seed Co reported that 91 percent of the past year's turnover had come from outside Zimbabwe, and sales had tripled in U.S. dollar terms.

¶18. Quote of the Week: Emmerson Mnangagwa, Minister of Rural Housing and heir apparent to Mugabe, was reported in the press saying that Morgan Tsvangirai "likes being arrested" because of the international attention his arrests draw.

MCGEE